

Mid-Week Markets Recap: May 20, 2026

Key Takeaways

- Bonds continue their global sell-off as markets continue to price in a prolonged energy-crisis
 - Alphabet and Blackstone jointly take part in the buildout of AI-infrastructure
 - Tech-based layoffs continue at near record-levels, as artificial intelligence integration continues
 - Nvidia reports a strong first-quarter, but sky-high expectations weigh down on shares
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Yields Continue to Rise Amid Inflation Concerns

“Yields continue to rise as markets begin to price in an elevated rate market”

To start the week, equity futures extended Friday’s decline as energy prices and yields moved higher. Sunday evening, President Trump, on Truth Social, warned Iran that if a resolution was not met soon, nothing would be left of their country. Following this post, equity futures opened lower at the start of their Sunday trading session, while energy futures rose higher.

This development impacted yields as well, as bonds globally saw a massive sell-off in reaction to the President’s comments. Bond markets are actively beginning to price in an elevated rate environment through concerns of sticky inflation and a prolonged energy crisis. The Strait has remained closed for almost twelve weeks, with limited signs of a near-term reopening, keeping upward pressure on energy prices.

The sharp rise in energy prices has contributed to record-high inflation across the board as well. It’s even led to markets effectively pricing in a rate hike for the year. Prior to the war, markets had widely anticipated at least one, potentially two, rate cuts for the year, but this no longer remains the case. On Monday morning, the 10-year treasuries climbed above 4.5%, their highest level in 15 months. At the same time, thirty-year treasuries climbed above 5.1%.

Over the past month, this rise in yields has been largely overshadowed by market enthusiasm for AI and semiconductor names. However, at their current levels, yields have started to warrant investor attention. Rising yields have always been an area of concern, as their impact is twofold. As borrowing costs continue to rise, consumers spend less, which ultimately hurts corporate earnings. At the same time, businesses start to invest less, which also hurts corporate profits. The continuation of Friday’s decline is a strong sign that markets are becoming aware of these risks and are starting to realize that enthusiasm for tech names may not offset them for much longer.

Alphabet and Blackstone Launch AI-Based Joint Venture

“Alphabet’s latest venture with Blackstone highlights the intensifying race to build out AI infrastructure”

Monday evening, Blackstone and Alphabet, the parent company of Google, announced an AI-based joint venture. The venture will provide AI-infrastructure such as data center capacity, networking, operations, and Google Cloud’s Tensor Processing Units (TPUs). Google’s TPUs are often faster and much more efficient than

traditional GPUs when it comes to training and running AI models. Blackstone will reportedly be the majority shareholder of this initiative, with the company announcing an initial equity investment of \$5 billion. Shares of the two companies saw little change in response to this announcement.

However, shares of competitors, such as CoreWeave and Nebius, fell after this announcement. Google's latest venture will provide its services in a similar way to that of CoreWeave and Nebius. CoreWeave currently provides access to Nvidia GPUs and CPUs in its cloud service offering. Recent share price action suggests that markets are pricing in the limitations of the chips Coreweave provides in comparison to Google, even on top of the consideration of another force entering the market. As artificial intelligence integration continues to rise, the buildout of AI-infrastructure continues to accelerate. For reference, earlier this year, Amazon also began providing access to its custom Tranium chips through its AWS service. These developments also highlight a growing tension between tech companies like Nvidia and AMD, and their customers, like Amazon & Google, who are starting to develop their own chips. The AI infrastructure market is beginning to see the emergence of new players and next-generation chips, signaling that a transformative wave may still be in its early stages.

Tech Layoffs Remain Elevated as AI Reshapes Workforce Strategy

“Intuit and Meta lead the newest wave of tech layoffs this month”

Around the end of April, Meta announced to its employees that restructuring, in the form of layoffs, would take place in the coming weeks. The memo pointed out that around 10% of the workforce would be cut. On Wednesday, this announcement materialized, as the company began laying off its workers as early as four a.m. in some regions. The reductions started in Singapore and continued all the way to Ireland, where 5% of the workforce in that region was let go. Updates on U.S. based reductions have yet to be announced, but employees are prepared. These latest reductions come after a broad-wave of protest from Meta employees. Prior to these layoffs, Meta had announced that it may soon begin to track the keystrokes and mouse movements of its employees. The question that arises now is whether or not these efforts are worth it. In the short-term, they may generate cost reductions, but in the long-term this may not be the case. If employee morale continues to go down, the company may start seeing a more pronounced, and negative, impact in more ways than one.

Alongside Meta, Intuit had also announced layoffs to its employees through an internal memo. The memo stated that around 17% of the workforce, or 3,000 employees worldwide, would be let go. Intuit's workforce currently houses 18,200 employees worldwide. The driving force behind the layoffs, according to CEO Sasan Goodarzi, was efforts centered around simplifying the organization and its structure. AI wasn't cited as one of the factors at play, but it's important to note that earlier this year Intuit had entered into agreements with both OpenAI and Anthropic.

According to layoffs.fyi, an online tracker for layoffs across different sectors, tech companies have largely led the way to start the year. In 2026, around 140 tech companies have laid off more than 111,000 employees. For the entirety of 2025, tech layoffs were around 124,000. The start of 2026 has seen an outsized amount of layoffs throughout the tech industry as artificial intelligence has continued to emerge. AI-disruption, especially in the tech sector, had always been a concern, and as of recently this has come to fruition. Workers are being laid-off, and at record levels. Agentic AI is still in its development phase, but upon the completion of it, we may even start to see more pronounced layoffs. AI-disruption has, really, just started, and how it continues is the question on many investors' minds.

Nvidia Reports its Highly-Anticipated Q1 Earnings Results

“Nvidia shares slipped despite a phenomenally strong first quarter and uplifted guidance”

On Wednesday, after the bell, Nvidia reported its long-awaited first-quarter earnings results. Investors anxiously awaited this report, as they looked for signs that the AI-trade was still alive. Tech hyperscalers have continued to increase their capital spending for the year, and Nvidia remains at the forefront of it. Markets have eagerly been waiting for some sign of optimism, as rising yields and inflationary pressures have eroded prior market gains. The stakes were high, and given historically elevated expectations for the company's earnings, markets were asking a lot. It was because of this that shares slipped after the earnings release, despite a phenomenally strong first quarter and lifted guidance.

For the first quarter, overall revenue came in at \$81.6 billion, up 20% from the previous quarter, and 85% from the prior year. Consensus estimates had Nvidia at \$78.9 billion for the quarter. Operating income was up 147% for the year at \$53.5 billion. Net income grew even larger, displaying a 211% increase on a year-over-year basis. For the quarter adjusted EPS came in at \$1.87 per share. Consensus estimates had it at \$1.75 per share. Outside of all the headline numbers, there was one more figure that investors looked out for - data center revenue. Data center revenue came in at a record \$75.2 billion, a 92% increase from the prior year. This figure helped underscore the continued demand for Nvidia's infrastructure, something that markets have continued to emphasize.

Outside of strong financials, Nvidia also uplifted its guidance and announced additions to its buyback plan. For the following quarter, Nvidia expects revenue around \$91 billion, far above analyst estimates of \$86.4 billion. Alongside this, Nvidia also reported that its board authorized an additional \$80 billion in share buybacks. In the past an earnings release like this would see a wave of investor enthusiasm, but this wasn't the case today. Shares slipped after the report, indicating that markets weren't swayed. However, if you step away from the noise, it's clear that Nvidia has and will continue to perform well. This performance is highly dependent on capital spending from hyperscalers, but as we've seen so far, there's no sign that they're ready to stop either.